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APPENDIX XXVII.

[Vide answer to unstarred question No. 52 asked by Sri B. Ramakrishna Reddi at the meeting of the Legislative Assembly held on 16th July 1953, pages 277–278 supra.]

ANNEXURE.

(1) In any case in which a loan has been applied for under this Act the applicant, and at any time during the currency of a loan that has been granted under it, the grantee, shall be bound—

(*a*) to comply with any general or special order of the Provincial Government relative to the inspection of the premises, buildings, or plaint or stock in hand of the industrial business or enterprise;

(*b*) to permit the inspection of all accounts relative to the industrial business or enterprise;

(*c*) to furnish full returns of all products manufactured or sold both as regards description and quantity;

(*d*) to maintain such special accounts or to furnish such statement as the Provincial Government may from time to time require;

(*e*) to submit the accounts of the industrial business or enterprise to such audit as the Provincial Government may prescribe—vide section 11 of the Madras State Aid to Industries Act.

Control of business assigned.—In any case in which a loan or loans is or are granted under this Act amounting to two lakhs of rupees or upwards, the Provincial Government shall, and in any other case may be, by the appointment of Government directors or otherwise, take power to ensure such control over the conduct of the business or enterprise as shall suffice in their opinion to safeguard their interests.

(2) *Repayment of loans.*—Every loan granted under this Act shall be made repayable by instalments within such period from the date of actual advance of the loan, or when the loan is advanced in instalments from the date of payment of the last instalment, as may be fixed by the order granting the loan.

The period fixed as aforesaid shall not exceed twenty years unless the Provincial Government shall, by general or by special order, extend the same—section 12 of the Madras State Aid to Industries Act.

(3) No recipient of State aid shall pay any dividend or distribute or take any profits in excess of such percentage rate upon the amount of the capital of the industrial business or enterprise as the Provincial Government may fix from time to time until the conditions on which the State aid has been granted are fulfilled. The balance of the profits, after setting aside proper amounts for depreciation or obsolescence of plant and buildings, and for the

payment of interest on debentures of loans, shall be carried to a reserve fund to be utilized in such manners as the Provincial Government may approve—vide section 17 of the Act.

(4) All moneys payable under this Act including any interest chargeable thereon and cost if any, incurred, if not paid when due may be recovered from the person aided and his surety, if any, under the law for the time being in force as they were arrears of land revenue.

When any sum due as aforesaid is paid by the surety or is recovered from him or out of his property under sub-section (1) the Collector shall, on the application of the surety, so far as possible recover the same from the person aided and pay the same to the surety—vide section 18 of the Act.

(5) The interest charged on the loans advanced under the Act shall not be less than one-half per cent above the rate at which the Madras Government have last borrowed for the Provincial Loan Account—vide rule 3 of the rules framed under section 19 (b) (7) of the Act.

(6) Every loan or subsidy shall be applied to the purposes for which it is granted. If, at any time, it shall be proved to the satisfaction of the Provincial Government that the loan or subsidy or any part of it has been misapplied, the whole unpaid balance of the loan or subsidy with interest and costs, if any, shall become immediately payable and shall be recovered in the manner laid down in sub-section (1) of section 18—vide rule 14-A of the rules framed under section 19 (b) (2) of the Act.

(7) The recipient of any State Aid under the Act shall be bound to permit the Director of Industries, or any person deputed by him general or special order in writing or any other person authorized in this behalf by the Provincial Government, to inspect the premises, buildings, plant, stock in hand and accounts of the industrial business or enterprise in respect of which the Aid has been granted and to grant facilities for all or any of these purposes—vide rule 15 of the rules framed under section 19 (8) of the Madras State Aid to Industries Act.

(8) The recipient of any State aid shall maintain in good and substantial repair the premises, buildings, machinery, plant and all other properties mortgaged to the Provincial Government as security for the loan. He shall, unless exempted by the Provincial Government insure the mortgaged properties against loss or damage by fire and shall duly and punctually pay the premia payable in respect thereof as and when they become due and payable. In the event of failure to carry out any repairs or to effect the insurance or pay the premia when due, the Director of Industries may himself do so or cause them to be done and incur the expenditure necessary therefor. The expenditure so incurred shall be recovered in accordance with the provision of sub-section (1) of section 18 of the Act—vide rule 15-A (1) of the rules framed under the Madras State Aid to Industries Act.

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(9) The accounts of any industrial business or enterprise in respect of which State aid has been granted shall be examined and audited at least once in every year by an auditor approved by the Provincial Government and it shall be the duty of such auditor to outline the method on which the books of the particular industrial business or enterprise are kept in the manner outlined by the Auditor, the Provincial Government, may, at the cost of such industrial business or enterprise and for such period as they may consider necessary appoint an auditor, accountant or other officer for the preparation of such books—vide rule 16 or rules framed under section 19 (*b*) (9) of the Act.

(10) A return shall be made once in every year certified by such auditor and the return shall show—

(1) a full and complete statement of the assets and liabilities of the business,

(2) a valuation of the assets as prescribed by rule 11 above; and

(3) a working or manufacturing account showing—

(*a*) the outturn of the industrial business or enterprise with the cost per unit of such outturn; and

(*b*) the profit or the loss on the marketing of the products produced—vide rule 17 of the rules framed under the Act.

(11) Loans shall be payable by fixed annual instalments in discharge of both principal and interest. The date of the payment of each annual instalment shall be fixed so as to coincide with the time of making out a balance sheet. Subject to the above conditions the Provincial Government shall have discretion to fix the date of payment of the first instalment : Provided that such instalment shall not be payable at an earlier date than one full year from the date of disbursement of the loan or of the last instalment of the loan—vide rule 19 of the rules framed under section 19 (*b*) (13) of the Act.

(12) On every instalment of interest or of principal and the interest which is not paid on the date fixed for payment a penalty at the rate of 10 per cent per annum until the 1st day of January 1938 and at the rate of 7½ per cent per annum after that date shall be levied from the said date provided that the authority granting the loan may in cases in which he finds sufficient reason for doing so remit such penalties in whole, or in part, subject to the payment of interim interest during moratorium period—vide rule 22 of the rules framed under the Act.